



MOORE

CREDIT UNION INTERNAL AUDIT: BUILDING A FIRM STRUCTURE

Credit Unions



Credit Union internal audit: Building a firm structure

Internal audit has emerged as a key infrastructural element of the governance landscape of a modern Irish credit union post CUCORA 2012. The core role of the internal audit function is to provide for independent oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance processes, in what is a hugely changed world for credit unions. And a well-designed internal audit function can act as a key support to credit unions as they compete in a challenging and increasingly complex and sensitive environment.

We are strong supporters of the credit union sector. While Irish credit unions face many challenges, it is a time of great opportunity. Internal audit is an exciting part of governance and should result in a positive, rewarding and enlightening process for your credit union and, above all, it should add value for the members' core needs of services, strength and security. We feel we bring genuine energy to every engagement with our credit union clients.

Depth of knowledge

We have a specialised team devoted to providing internal audit services to credit unions, and we have acted for over 40 individual credit unions providing external audit services since CUCORA 2012.

A structured approach

Our internal audit service is delivered in a structured way to meet not only the legal and regulatory requirements, but to focus on the key

risks in a credit union in a robust and structured way that will adapt to the changing environment of a credit union. Firstly, the internal audit charter is drafted. Following a detailed risk assessment, the internal audit is then drafted. This sets out in detail the work that will be completed.



This will be done in a consultative, collaborative and iterative way with the credit union – be it with the audit committee or the Board.



We have significant experience in asset reviews and as a result, assessing the quality of assets forms a central focus of the work we do for credit unions.

Focus on risk

We focus on risk. Credit unions face risks that could represent threats to their success every day. Risk management helps identify and

address those risks as well as increasing the likelihood of achieving strategic objectives. Risk management also offers the opportunity of:

- improved decision-making, planning and prioritisation;
- more efficient allocation of capital and resources; and
- greater anticipation of what may go wrong, minimising crisis management or, at worst, preventing a disaster or serious financial loss.

Sophisticated Techniques

The Institute of Internal Auditors has a wide range of practice notes that guides the Internal Audit Profession and we customise international best practice to suit the needs of Irish credit unions. We place special emphasis on maturity models.

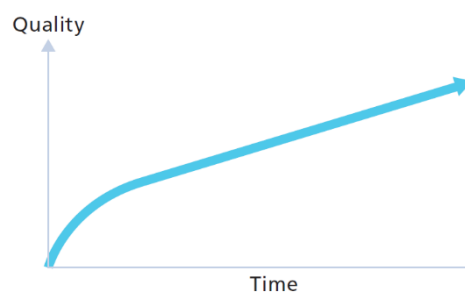


Maturity Models are a measurement technique designed to assess the quality of a certain process. They are a form of benchmarking. Processes should evolve as they mature, and processes should be capable of adapting to the environment as the environment changes. A maturity model defines the expectation that a credit union has from a process, and then, the Internal Audit Function measures the current performance against the expected performance. In this way the Internal Audit Function can benchmark the effectiveness of the process, provide assurances on the development of the process, and provide constructive recommendations to make improvements.

What we bring

We feel we can add value by delivering internal audit and bringing the following key aspects to your credit union, professionalism, dedication, unparalleled depth of knowledge, awareness of the regulatory environment, skills, energy,

experience and robustness.



Maturity models track, monitor and inspire the improvement in quality

Competitive fees

We believe that we offer quality at a competitive price. All fees are agreed in advance so as to avoid any hidden costs and show full transparency.



Lawrence Sawyer

“Grandfather” of internal audit



Internal audit; What, Where and Why?

What is internal audit?

Internal auditors report to the board and evaluate and report on the effectiveness of risk management, internal control and governance processes. Internal audit as a discipline emerged in post WWII USA. The idea was that as companies become larger and more complex, boards of directors need to obtain assurances themselves on the operation of the company (as opposed to external auditors who report to the members).

Where does this fit into the governance landscape of credit unions?

The core role of the board is the control, direction and oversight of the credit union. Therefore, internal audit supports the board's core duty by providing assurances on controls and oversight.

Why do credit unions have internal audit?

Firstly, because the law says so. But internal audit should be more than a response to regulatory and legal pressures. It should add value by helping to strengthen the internal control environment and lead to a more robust credit union which will manifest itself in better security and services for the members.

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